

Latam Daily | In Chile, central bank minutes revealed fewer concerns over inflation

Cecilia Posadas / Enestor Dos Santos / Jorge Selaive Carrasco / Juana Téllez Corredor / Carlos Serrano Herrera / Hugo Perea Flores

The minutes also highlighted a sluggish domestic demand in the months to come mainly by the private investment component. Today we will be expecting the economic activity data for Chile and Colombia.

Chile – Minutes revealed fewer concerns over headline CPI inflation

The minutes revealed that the only significant policy option was a pause at 3% in rates and a neutral communication bias. Although worries over headline CPI inflation had eased - due to the negative surprise in the monthly figure for March - core CPI measures and wage inflation remained at high levels, supporting the Board's decision. Additionally, the minutes highlighted that domestic demand will remain sluggish during 1H15 - mainly the private investment component - even though confidence recovers at a slow pace. All in all, the idea of a normalisation in rates before the year-end seems to be overstated, and we still see pauses in rates in the medium-term.

What to watch today

Chile – Monthly economic activity index (March, 07:30hrs NYT)

We expect the Imacec to have increased 0.9% YoY in March (closing 1Q15 GDP growth at around 2.0% YoY), in part due to the transitory effects of natural disasters in the northern region. Positive contributions will come mainly from commerce and services.

Colombia – Exports (March, 17:00hrs NYT)

We expect exports to fall 28.2%, settling at USD 3,164mn. Oil prices bottomed-out between February and March, hence oil exports could remain at recent lows. The non-oil exports, on the other hand, are likely to print an erratic performance: exports toward developed countries should rise, although they might be offset by lower shipments to LatAm economies.

Colombia – Economic monitoring indicator — ISE, in its Spanish acronym — (February, 17:00hrs NYT)

In line with our outlook for GDP in the first quarter of 2015, ISE would grow 2.5% YoY, below both the figures for a year ago and the previous quarter.

Colombia – April Inflation (20:00 NYT)

After an up-tick in the third quarter of 2015, we think that inflation should come down. We are expecting 4.3% YoY, a more moderate increase compared to the March figure of 4.6%. After having increased from 5.4% to 7.4% YoY between January and March, food inflation should be tamed in April. Tradable inflation should come in low as well.

Calendar indicators

Brazil	Date	Period	Consensus	BBVAe	Actual	Prior
FGV CPI IPC-S	4-May	Apr 30	0.6		0.61	0.71%
Trade Balance Monthly	4-May	Apr	150		491	\$458M
Vehicle Sales Fenabrave	4-May	Apr			234679	234681
CNI Capacity Utilization (SA)	5-May	Mar			0	79.7%
PPI Manufacturing MoM	5-May	Mar			0	0.26%
Industrial Production MoM	6-May	Mar	-0.7	-1.0	0	-0.9%
FGV Inflation IGP-DI MoM	7-May	Apr	0.88		0	1.21%
COPOM Monetary Policy Meeting Minutes	7-May	0			0	
National Unemployment Rate	7-May	Mar	7.8		0	7.4%
Vehicle Production Anfavea	7-May	Apr			0	253622
FGV CPI IPC-S	8-May	39203	0.6		0	
IBGE Inflation IPCA MoM	8-May	Apr	0.76	0.65	0	1.32%
Chile						
Economic Activity YoY	5-May	Mar	1	0.9	0	2.0%
Economic Activity MoM	5-May	Mar	-0.7	-0.7	0	-0.6%
Trade Balance	7-May	Apr	1225.45		0	\$999.0
Copper Exports	7-May	Apr			0	\$2862.0
CPI MoM	8-May	Apr	0.3	0.4	0	0.6%
CPI YoY	8-May	Apr	3.9	3.9	0	4.2%
Colombia						
PPI Total MoM	4-May	Apr			-1.35	3.79%
Economic Activity Index SA YoY	5-May	Feb	2.8	2.5	0	3.0%
Exports (USD million)	5-May	Mar		3164		\$3128
CPI MoM	6-May	Apr	0.35	0.18	0	0.59%
CPI YoY	6-May	Apr	4.44	4.27	0	4.56%
CPI Core MoM	6-May	Apr		0.22	0	0.35%
CPI Core YoY	6-May	Apr		3.31	0	3.46%
Colombia Monetary Policy Minutes	8-May	0			0	
Mexico						
Leading Indicators (MoM)	4-May	Mar			-0.09	-0.09
Gross Fixed Investment	4-May	Feb	2.5	1.2	1.3	7.3%
Remittances Total	4-May	Mar	2200	2251	2257.9	\$1839.2M
IMEF Manufacturing Index SA	4-May	Apr	51.6	51.6	51.36	51.4
Vehicle Production AMIA	6-May	Apr			0	299809
CPI MoM	7-May	Apr	-0.25	-0.22	0	0.41%
CPI YoY	7-May	Apr	3.08	3.11	0	3.14%
Consumer Confidence Index	8-May	Apr	93.6	93.7	0	93.1
Peru						
Trade Balance	8-May	Mar	-344		0	-\$280M

Fuente: Bloomberg and BBVA Research

Most recent Latam reports

Date	Description
04.30.2015	Chile: Imacec grew around 1.0% YoY in March
04.30.2015	Mexico: We expect no change of MPR. Economic slowdown in the spotlight
04.29.2015	Brazil: Another 50bp hike in the SELIC to rein in 2016 inflation expectations
04.27.2015	Chile: We forecast CPI in April by 0.4% MoM (In Spanish)
04.24.2015	Colombia: BanRep kept its monetary policy rate on hold at 4.50% (In Spanish)
04.23.2015	Mexico: Inflation remains subdued
04.23.2015	Mexico :In February the IGAE shows a negative monthly performance (-0.03% MoM, sa)
04.16.2015	Chile: Central bank kept policy rate at 3%, as widely expected
04.13.2015	Mexico: Industrial production pushes down our growth expectations
04.10.2015	Peru: New monetary pause and the window of opportunity for rate cut is reduced (In Spanish)

This document has been prepared by BBVA Research Department, it is provided for information purposes only and expresses data, opinions or estimations regarding the date of issue of the report, prepared by BBVA or obtained from or based on sources we consider to be reliable, and have not been independently verified by BBVA. Therefore, BBVA offers no warranty, either express or implicit, regarding its accuracy, integrity or correctness.

Estimations this document may contain have been undertaken according to generally accepted methodologies and should be considered as forecasts or projections. Results obtained in the past, either positive or negative, are no guarantee of future performance. This document and its contents are subject to changes without prior notice depending on variables such as the economic context or market fluctuations. BBVA is not responsible for updating these contents or for giving notice of such changes.

BBVA accepts no liability for any loss, direct or indirect, that may result from the use of this document or its contents.

This document and its contents do not constitute an offer, invitation or solicitation to purchase, divest or enter into any interest in financial assets or instruments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

In regard to investment in financial assets related to economic variables this document may cover, readers should be aware that under no circumstances should they base their investment decisions in the information contained in this document. Those persons or entities offering investment products to these potential investors are legally required to provide the information needed for them to take an appropriate investment decision.

The content of this document is protected by intellectual property laws. It is forbidden its reproduction, transformation, distribution, public communication, making available, extraction, reuse, forwarding or use of any nature by any means or process, except in cases where it is legally permitted or expressly authorized by BBVA.